

# COMMONWEALTH GRANTS COMMISSION (CGC) 2010 REVIEW

## COMMISSION POSITION PAPER 2008/9

### MOTOR TAXES

#### NEW SOUTH WALES TREASURY COMMENTS

MARCH 2009

The Commission proposes changing substantially the way revenue bases will be estimated and assessed revenues calculated within the components of the motor vehicles category – from bases taking into account both vehicle numbers and charges to vehicle numbers only. These proposed changes produce large changes in the results of the overall assessment compared to the previous assessment method.

Given these significant changes in outcome, the proposed methods of calculating revenue bases and assessed revenues should be reviewed to see if proposed simplification is detrimental to fiscal equalisation.

NSW Treasury considers that using vehicle numbers to assess the revenue base may be appropriate in those categories/components where vehicle types are fairly homogenous and taxes and charges are more or less standard flat fees. It may not be appropriate where vehicle types within a category/component vary and taxes and charges are non-standard or vary according to the value of the vehicle.

NSW Treasury considers:

- the change to vehicle numbers is not appropriate for heavy vehicle registration fees and charges, where charges vary substantially between vehicle types, or stamp duty on motor vehicle registrations, where States levy duty based on the value of the vehicle
- it may be appropriate for light vehicle fees and charges, however, if pursued the revenue base should take into account all vehicles rather than just passenger vehicles and light commercial vehicles.

NSW Treasury also has concerns with the consistency of State provided data on vehicle registrations.

## General

New South Wales Treasury has no concerns with the Commission's proposed category structure.

The general category structure for this assessment is not substantially changed from the previous method, though the overall set-up is different. Rather than three separate categories – heavy vehicle registration fees and charges, light vehicle registration fees and charges and stamp duty on motor vehicle registrations – the Commission proposes one category with five components.

The five components in the proposed category are based largely on the former three categories:

- heavy vehicle registration fees and charges has been split into the components
  - heavy rigid vehicles and
  - heavy articulated vehicles
- light vehicle registration fees and charges becomes a component on its own and
- stamp duty on motor vehicle registrations has been split into the components
  - new vehicles and
  - used vehicles.

The components will be combined using their contribution to total motor tax revenue as weights. This parallels what was effectively the case under the previous method, as the individual categories fed into the overall relativity based on their shares of total State revenue.

However, the Commission proposes changing substantially the way revenue bases will be estimated and assessed revenues calculated within those components.

Currently, revenue bases are calculated in the heavy and light vehicle registration fees categories by using vehicle numbers in each State combined with known national fees for heavy vehicles, and relative fees for various classes of light vehicles (motor cycles, cars, caravans and so on). For stamp duty, actual State revenues and estimated effective State tax rates produce an estimated dutiable value of vehicles. Average effective national tax rates are then derived using the estimates of the total tax base

and total revenue. These national effective tax rates are then applied to the estimated State tax bases to provide assessed revenue.

In the 2010 Review, the Commission proposes using vehicle numbers to measure the revenue base. Combined with estimated revenues, this allows the calculation of national effective tax rates per vehicle. Those rates are then applied to vehicle numbers per State to calculate assessed revenue for each State.

These proposed changes in methods of estimating revenue bases and assessed revenues in the components produce large changes in the results of the overall assessment compared to the previous assessment method. New South Wales, based on 2006-07 figures from the 2008 Update compared to 2006-07 figures from the proposed assessment, loses \$109 million in the motor vehicle taxes category, while Queensland gains \$53 million, Western Australia \$39 million and Victoria \$19 million (see Table 1). The changes are in excess of \$10 per capita for four States.

**Table 1: Proposed motor tax assessment compared to 2008 Update assessment, 2006-07**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
Population ('000)	6,856	5,168	4,136	2,082	1,577	492	337	213	20,859
<b>Proposed assessment</b>									
Total assessed revenue (\$ m)	1,857.7	1,560.8	1,282.6	733.5	469.3	147.3	81.5	53.0	6,185.7
Assessed revenue per capita (\$)	270.97	302.04	310.14	352.29	297.65	299.59	242.14	249.02	296.55
Assessed difference per capita (\$)	25.58	-5.48	-13.59	-55.74	-1.10	-3.04	54.41	47.53	0.00
Total assessed difference (\$ m)	<b>175.4</b>	<b>-28.3</b>	<b>-56.2</b>	<b>-116.0</b>	<b>-1.7</b>	<b>-1.5</b>	<b>18.3</b>	<b>10.1</b>	<b>0.0</b>
<b>2008 Update</b>									
Total assessed revenue (\$ m)	1,749.1	1,580.1	1,335.1	772.6	460.4	147.0	82.5	58.7	6,185.5
Assessed revenue per capita (\$)	255.12	305.78	322.84	371.07	292.03	298.96	245.14	275.81	296.54
Assessed difference per capita (\$)	41.42	-9.23	-26.30	-74.53	4.52	-2.41	51.41	20.73	0.00
Total assessed difference (\$ m)	<b>284.0</b>	<b>-47.7</b>	<b>-108.8</b>	<b>-155.2</b>	<b>7.1</b>	<b>-1.2</b>	<b>17.3</b>	<b>4.4</b>	<b>0.0</b>
<b>Difference between assessments: proposed assessment less 2008 Update</b>									
Assessed difference per capita (\$)	-15.84	3.75	12.71	18.79	-5.61	-0.62	3.00	26.80	0.00
<b>Total assessed difference (\$ m)</b>	<b>-108.6</b>	<b>19.4</b>	<b>52.5</b>	<b>39.1</b>	<b>-8.8</b>	<b>-0.3</b>	<b>1.0</b>	<b>5.7</b>	<b>0.0</b>

Table 2 disaggregates the total change in the distribution outcomes of the two assessment methods (the final line of Table 1) into the changes attributable to the previous assessment categories of heavy vehicle registration fees and taxes, light vehicle registration fees and taxes and stamp duty on motor vehicle registrations.

Table 2 shows that the major change occurs in the stamp duty on motor vehicle registrations component, which accounts for \$88 million of New South Wales' total

loss of \$109 million, and gains of \$43 million for Victoria, \$34 million for Queensland and \$24 million for Western Australia.

Given these significant changes in outcome, the proposed methods of calculating revenue bases and assessed revenues should be reviewed to see if proposed simplification is detrimental to fiscal equalisation.

As a general rule, NSW Treasury considers that using vehicle numbers to assess the revenue base may be appropriate in those categories/components where vehicle types are fairly homogenous and taxes and charges are more or less standard flat fees. It may not be appropriate where vehicle types within a category/component vary and taxes and charges are non-standard or vary according to the value of the vehicle.

**Table 2: Disaggregation of changed outcome of proposed motor tax assessment and 2008 Update assessment, 2006-07**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
<b>Proposed assessment</b>									
<i>Heavy vehicle registration fees and taxes</i>									
Assessed revenue per capita (\$)	25.41	40.25	39.37	48.47	38.42	33.29	8.55	38.24	35.18
Assessed difference per capita (\$)	9.77	-5.07	-4.19	-13.28	-3.23	1.90	26.63	-3.06	0.00
<i>Heavy vehicle assessed difference (\$ m)</i>	<b>67.0</b>	<b>-26.2</b>	<b>-17.3</b>	<b>-27.7</b>	<b>-5.1</b>	<b>0.9</b>	<b>9.0</b>	<b>-0.7</b>	<b>0.0</b>
<i>Light vehicle registration fees and taxes</i>									
Assessed revenue per capita (\$)	149.81	173.41	169.37	184.87	172.55	180.54	160.36	125.12	165.40
Assessed difference per capita (\$)	15.59	-8.01	-3.97	-19.48	-7.15	-15.14	5.04	40.28	0.00
<i>Light vehicle assessed difference (\$ m)</i>	<b>106.9</b>	<b>-41.4</b>	<b>-16.4</b>	<b>-40.6</b>	<b>-11.3</b>	<b>-7.4</b>	<b>1.7</b>	<b>8.6</b>	<b>0.0</b>
<i>Stamp duty on vehicle registrations</i>									
Total assessed revenue per capita (\$)	95.75	88.37	101.40	118.94	86.69	85.76	73.23	85.66	95.97
Assessed difference per capita (\$)	0.22	7.60	-5.43	-22.98	9.28	10.21	22.74	10.31	0.00
<i>Stamp duty assessed difference (\$ m)</i>	<b>1.5</b>	<b>39.3</b>	<b>-22.4</b>	<b>-47.8</b>	<b>14.6</b>	<b>5.0</b>	<b>7.7</b>	<b>2.2</b>	<b>0.0</b>
<b>2008 Update</b>									
<i>Heavy vehicle registration fees and taxes</i>									
Assessed revenue per capita (\$)	23.47	38.69	41.04	53.61	39.31	33.11	8.78	48.62	35.18
Assessed difference per capita (\$)	11.71	-3.51	-5.86	-18.44	-4.13	2.07	26.40	-13.44	0.00
<i>Heavy vehicle assessed difference (\$ m)</i>	<b>80.3</b>	<b>-18.2</b>	<b>-24.3</b>	<b>-38.4</b>	<b>-6.5</b>	<b>1.0</b>	<b>8.9</b>	<b>-2.9</b>	<b>0.0</b>
<i>Light vehicle registration fees and taxes</i>									
Assessed revenue per capita (\$)	148.71	170.32	172.22	187.14	175.90	185.69	157.25	126.20	165.40
Assessed difference per capita (\$)	16.68	-4.92	-6.83	-21.74	-10.51	-20.29	8.15	39.20	0.00
<i>Light vehicle assessed difference (\$ m)</i>	<b>114.4</b>	<b>-25.4</b>	<b>-28.2</b>	<b>-45.3</b>	<b>-16.6</b>	<b>-10.0</b>	<b>2.7</b>	<b>8.3</b>	<b>0.0</b>
<i>Stamp duty</i>									
Assessed revenue per capita (\$)	82.94	96.77	109.58	130.31	76.82	80.16	79.11	101.00	95.97
Assessed difference per capita (\$)	13.03	-0.80	-13.61	-34.34	19.15	15.81	16.86	-5.03	0.00
<i>Stamp duty assessed difference (\$ m)</i>	<b>89.3</b>	<b>-4.1</b>	<b>-56.3</b>	<b>-71.5</b>	<b>30.2</b>	<b>7.8</b>	<b>5.7</b>	<b>-1.1</b>	<b>0.0</b>
<b>Difference in methods: Proposed assessment less 2008 Update assessment</b>									
Heavy vehicle registration fees and taxes (\$ m)	-13.2	-8.0	6.9	10.7	1.4	-0.1	0.1	2.2	0.0
Light vehicle registration fees and taxes (\$ m)	-7.5	-16.0	11.8	4.7	5.3	2.5	-1.0	0.2	0.0
Stamp duty (\$ m)	-87.8	43.4	33.8	23.7	-15.6	-2.8	2.0	3.3	0.0
<b>Total difference (\$ m)</b>	<b>-108.6</b>	<b>19.4</b>	<b>52.5</b>	<b>39.1</b>	<b>-8.8</b>	<b>-0.3</b>	<b>1.0</b>	<b>5.7</b>	<b>0.0</b>

## Heavy vehicle registration fees and charges

The Commission proposes splitting heavy vehicles into two components: rigid and articulated.

National Transport Commission (NTC) charges for rigid trucks in 2006-07 varied from \$343 for a 2-axle type 1 truck weighing between 4.5 and 12 tonnes GVM up to \$5,998 for a “long combination”. NTC charges for articulated trucks ranged from \$1,485 for a 2-axle short combination up to \$6,283 for 4 and 5-axle, medium and long combinations.

**Table 3: Heavy vehicle numbers, 2006-07**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
<b>Rigid trucks with NTC charge &lt; \$1,500</b>									
Number	72,524	69,309	59,645	42,107	20,019	7,553	1,559	3,066	275,782
State share (%)	26.3	25.1	21.6	15.3	7.3	2.7	0.6	1.1	100.0
Notional revenue (\$'000)	35,230	34,364	30,399	21,588	10,110	3,773	764	1,444	137,672
Average notional revenue per vehicle (\$)	486	496	510	513	505	500	490	471	499
<b>Rigid trucks with NTC charge &gt; \$1,500</b>									
Number	7,753	6,579	6,422	3,810	2,064	711	178	248	27,765
State share (%)	27.9	23.7	23.1	13.7	7.4	2.6	0.6	0.9	100.0
Notional revenue (\$'000)	22,366	18,384	17,868	10,809	5,417	2,009	485	779	78,118
Average notional revenue per vehicle (\$)	2,885	2,794	2,782	2,837	2,625	2,825	2,726	3,143	2,814
<b>Total rigid trucks average notional revenue per vehicle (\$)</b>									
	<b>717</b>	<b>695</b>	<b>731</b>	<b>706</b>	<b>703</b>	<b>700</b>	<b>719</b>	<b>671</b>	<b>711</b>
Variation from average (%)	0.9	-2.2	2.8	-0.8	-1.1	-1.6	1.2	-5.6	0.0
<b>Articulated trucks with NTC charge &lt; \$4,000</b>									
Number	11,712	15,874	10,530	5,578	4,233	1,160	164	234	49,485
State share (%)	23.7	32.1	21.3	11.3	8.6	2.3	0.3	0.5	100.0
Notional revenue (\$'000)	42,588	55,123	36,783	19,518	15,238	4,298	582	786	174,916
Average notional revenue per vehicle (\$)	3,636	3,473	3,493	3,499	3,600	3,705	3,547	3,360	3,535
<b>Articulated trucks with NTC charge &gt; \$4,000</b>									
Number	3,936	6,496	6,701	4,581	2,230	317	62	602	24,925
State share (%)	15.8	26.1	26.9	18.4	8.9	1.3	0.2	2.4	100.0
Notional revenue (\$'000)	22,448	37,002	38,207	26,403	12,726	1,799	351	3,461	142,396
Average notional revenue per vehicle (\$)	5,703	5,696	5,702	5,764	5,707	5,674	5,656	5,750	5,713
<b>Total articulated trucks average notional revenue per vehicle (\$)</b>									
	<b>4,156</b>	<b>4,118</b>	<b>4,352</b>	<b>4,520</b>	<b>4,327</b>	<b>4,128</b>	<b>4,125</b>	<b>5,081</b>	<b>4,264</b>
Variation from average (%)	-2.5	-3.4	2.1	6.0	1.5	-3.2	-3.3	19.2	0.0

Table 3 uses 2006-07 data from the CGC’s 2008 Update Working Paper on Heavy Vehicle Registration Fees and Charges to split rigid and articulated trucks into relatively higher and lower NTC charges categories.

For rigid trucks, State shares of lower and higher charged vehicles are fairly consistent, so average notional revenue per vehicle across all States also is fairly consistent (with variations either way no more than 3 per cent from the national average, with the exception of the Northern Territory).

For articulated trucks, however, Queensland, Western Australia and the Northern Territory have much higher State shares of the higher charged vehicles than they do of the lower charged vehicles. This means that their average notional revenue per

articulated vehicle is higher than the national average, 19 per cent in the case of the Northern Territory, 6 per cent for Western Australia and 2 per cent for Queensland.

The change in the method of calculating the revenue base – from using number of vehicles and the level of NTC charges to number of vehicles only – advantages those States whose vehicle profile is weighted toward the more highly charged vehicles. Comparing the last line of Table 3 with the fourth last line of Table 2 shows that those States with above average notional revenue per vehicle for articulated trucks are those that benefit from the change to the new method of calculating the revenue base for heavy vehicles overall. The change in the method for heavy vehicles overall appears to be material (greater than \$10) for one State.

NSW Treasury considers the variations in types of vehicles and charges (set by the National Transport Commission) for heavy vehicles are too large to support a revenue base assessment for heavy vehicles using vehicle numbers alone. Though simpler, we consider the new method worsens the pursuit of HFE. NSW Treasury considers the current method should be retained for the heavy vehicle component of the motor tax assessment.

### **Light vehicle registration fees and charges**

The Commission proposes a light vehicle component with the assessed revenue base calculated using vehicle numbers. In the current method, calculation of the revenue base uses weighted vehicle numbers, recognising that across States registration fees for some vehicles, such as motor cycles, trailers and caravans, are less than those for passenger vehicles and light commercial vehicles. Motor cycles are weighted at 0.4, caravans and trailers at 1.0 and passenger vehicles and light commercial vehicles at 2.4.

Similar considerations might apply in this component as were found to apply in the heavy vehicles component. If States have a relatively greater share of the more highly charged vehicle types than the lower charged vehicle types, concentration on vehicle numbers alone may produce distortions in the assessment of revenue capacity.

Table 4 uses 2006-07 data from the CGC's 2008 Update Working Paper on Light Vehicle Registration Fees and Charges to split light vehicles into relatively higher and lower charged categories.

**Table 4: Light vehicle numbers, 2006-07**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL	Weight
Caravans	74,332	106,236	75,807	46,937	36,452	7,845	2,211	884	350,704	1.0
Trailers	634,311	428,905	559,893	286,914	232,051	80,148	30,375	22,230	2,274,827	1.0
Motorcycles	133,406	123,806	125,594	68,031	36,898	11,181	8,685	4,365	511,966	0.4
Rigid trucks GVM<4.5t	34,291	21,100	25,326	10,136	5,011	2,472	635	633	99,604	1.0
<b>Total low fee vehicles</b>	<b>876,340</b>	<b>680,047</b>	<b>786,620</b>	<b>412,018</b>	<b>310,412</b>	<b>101,646</b>	<b>41,906</b>	<b>28,112</b>	<b>3,237,101</b>	
State shares (%)	27.1	21.0	24.3	12.7	9.6	3.1	1.3	0.9	100.0	
Passenger vehicles <sup>1</sup>	3,462,043	3,047,902	2,219,402	1,253,768	926,836	274,944	192,729	75,329	11,452,953	2.4
Light commercials	599,420	495,649	550,453	268,330	148,920	76,052	20,775	29,960	2,189,559	2.4
Non-freight trucks GVM<4.5t	8,683	8,993	8,159	7,230	4,058	3,958	460	194	41,735	2.4
<b>Total high fee vehicles</b>	<b>4,070,146</b>	<b>3,552,544</b>	<b>2,778,014</b>	<b>1,529,328</b>	<b>1,079,814</b>	<b>354,954</b>	<b>213,964</b>	<b>105,483</b>	<b>13,684,247</b>	
State shares (%)	29.7	26.0	20.3	11.2	7.9	2.6	1.6	0.8	100.0	
<b>Weighted vehicle numbers</b>	<b>10,564,647</b>	<b>9,131,869</b>	<b>7,378,497</b>	<b>4,041,587</b>	<b>2,879,827</b>	<b>946,827</b>	<b>550,209</b>	<b>278,652</b>	<b>35,772,114</b>	
State shares (%)	29.5	25.5	20.6	11.3	8.1	2.6	1.5	0.8	100.0	
Passenger and light commercial vehicles	4,061,463	3,543,551	2,769,855	1,522,098	1,075,756	350,996	213,504	105,289	13,642,512	
State shares (%)	29.8	26.0	20.3	11.2	7.9	2.6	1.6	0.8	100.0	
Change in State shares (percentage points)	0.24	0.45	-0.32	-0.14	-0.17	-0.07	0.03	-0.01	0.00	

<sup>1</sup> Excluding Australian Government, diplomatic and consular vehicles

Table 4 shows that Queensland, Western Australia, South Australia, Tasmania and the Northern Territory have lower shares of higher fee light vehicles than they do of lower fee vehicles. Other things being equal, a switch to vehicle numbers as the basis for estimating revenue bases should produce a GST distribution away from these States, rather than the gains in revenue shown in the third last line of Table 2.

However, the proposed assessment includes only vehicle numbers for passenger vehicles and light commercial vehicles (excluding Australian Government, diplomatic and consular vehicles). Low fee vehicles (motor cycles, caravans and trailers) are not included in Table 3 of CGC 2008/9. So the correct comparison is that between State shares of these vehicles in the proposed assessment and State shares of weighted vehicle numbers in the current assessment. The change in those shares is shown in the final line of Table 4.

Table 4 shows that the proposed assessment reduces the State vehicle shares of Queensland, Western Australia, South Australia and the Northern Territory, while increasing the share of the other States. These changes account for the distribution gains of these States shown in the third last line of Table 2.

The changes in the distribution shown in Table 2 for light vehicles flowing from the new method are lower than \$10 for all States. In addition, in the case of light vehicles, the States set fees, so they reflect State policy. Nevertheless, if the assessment component for light vehicles is to be based on vehicle numbers, NSW Treasury suggests it should be based on all light vehicles to which registration fees and charges are applied.

## Stamp duty on vehicle registrations

All States levy stamp duty on motor vehicle registrations as a proportion of vehicle value rather than as a set fee. This suggests that vehicle sales values are a preferable revenue base rather than number of vehicles sold.

**Table 5: Stamp duty, 2006-07**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
Adjusted dutiable values <sup>1</sup> (\$ m)	17,442.8	15,339.7	13,901.3	8,323.0	3,715.2	1,209.0	817.1	659.3	61,407.3
State shares (%)	28.4	25.0	22.6	13.6	6.1	2.0	1.3	1.1	
New and used vehicle numbers <sup>2</sup>	1,249,623	780,236	735,191	467,304	266,618	82,254	40,309	32,344	3,653,879
State shares (%)	34.2	21.4	20.1	12.8	7.3	2.3	1.1	0.9	
Change in State shares (percentage points)	5.8	-3.6	-2.5	-0.8	1.2	0.3	-0.2	-0.2	
Average dutiable value per vehicle (\$)	13,958	19,660	18,908	17,811	13,935	14,698	20,271	20,384	16,806
Variation from average (%)	-16.9	17.0	12.5	6.0	-17.1	-12.5	20.6	21.3	0.0

<sup>1</sup> CGC 2008 Update, Working Papers, Volume 2, Stamp Duty on Motor Vehicle Registration and Transfers, Table 4, p. 6. Includes adjustment for States that levy duty on vehicle list price rather than actual price.

<sup>2</sup> CGC 2008/9, Tables 6 and 7, p. 11-12. Excluding Australian Government, diplomatic and consular vehicles.

Table 5 uses 2006-07 data from the CGC's 2008 Update Working Paper on Stamp Duty on Motor Vehicle Registrations and Transfers combined with new and used vehicle sales data from CGC 2008/9 to calculate State shares of the value of dutiable sales and the number of sales.

Table 5 shows using vehicle sales as the revenue base reduces State shares for Victoria, Queensland, Western Australia, the ACT and Northern Territory by 3.6, 2.5, 0.8, 0.2 and 0.2 percentage points respectively compared to using estimated dutiable values. The State shares of New South Wales, South Australia and Tasmania are increased by 5.8, 1.2 and 0.3 percentage points respectively.

These changes in State shares of the revenue base are behind the large changes in the distribution of revenue shown on the second last line of Table 2. It flows from the fact that average vehicle values for the levying of stamp duty vary significantly across the States, from around 17 per cent below the national average in South Australia and New South Wales to over 20 per cent above the average in the ACT and Northern Territory.

NSW Treasury considers these variations in average vehicle values across the States should be reflected in assessed revenue bases for the States. Vehicle sales are not a suitable indicator of revenue capacity when vehicle sales values vary considerably across States and States levy duty on vehicle value.

NSW Treasury considers that total vehicle sales values are a more appropriate indicator or motor vehicle stamp duty revenue bases than vehicles sales numbers.

Depending on data availability from the States, total sales values should be used either in separate new and used vehicles stamp duty components or in a combined stamp duty component.

### **Other issues**

New South Wales Treasury has concerns about the data used in the assessment of the new and used vehicle transfers. The Commission proposes to assess revenue raising capacities by using the number of new vehicles sold and used vehicles transferred. The Commission proposes to split national vehicle sales tax revenue 55 per cent to new vehicles and 45 per cent to used vehicles.

In the Position Paper, the Commission noted data on used vehicle transfers are not available from the Australian Bureau of Statistics (ABS) and has substituted data from the States and territories in the preliminary assessment.

The data for New South Wales used by the Commission varies substantially from New South Wales' own data. The Commission (using ABS data) in the Position Paper gives the number of new vehicle sales for 2006-07 as 305,933 (including Australian Government vehicles) whereas New South Wales' data for 2006-07 indicates new vehicle sales of 279,913 (where duty collected) and 59,457 (where no duty paid), for a total of 330,370. This perhaps raises issues of interstate purchase of new vehicles and registration in other States.

Similarly, the Commission states the NSW used vehicle transfer numbers as 944,837 in 2006-07 while New South Wales' own data has it at 810,955 (where duty collected) and 535,448 (where no duty paid) for used vehicle establishment registrations and transfers.

If the Commission continues to use States and territories as the source of assessment data, it will need to overcome the problems of:

- incomplete datasets (a problem which the Commission previously identified) and
- inter-jurisdiction comparability.

NSW Treasury also has concerns about the Commission's current intention to use a 55/45 split in stamp duty revenues between new vehicle sales and used vehicle transfers. The Commission based this division on data from the States for the period 2001-02 to 2006-07. NSW Treasury wonders whether this relationship is stable over time and whether it may vary considerably between jurisdictions.

The current CGC assessment of motor tax revenues reflects the relatively buoyant economy of the commodity and financial boom. During such conditions sales of new vehicles would similarly be buoyant as “cashed up” consumers purchase new vehicles rather than used. When times get tough or are expected to get tough financially, consumers tend to keep their current vehicle longer or are more inclined to purchase used vehicles. Under these circumstances the 55/45 split may not remain stable but change to reflect consumer sentiment/expectations.

Whilst the 55/45 split may exist nationally, it may not hold for each state or territory and if applied to each jurisdiction may result in an over- or under-estimation of revenue capacity for different jurisdictions in the assessment. The 55/45 split for an individual state or territory may change to reflect its relative economic prosperity compared to the other States and territories. A state enjoying prosperous economic times compared to the other states may enjoy increased revenues from new vehicle sales.

The Commission’s Position Paper identifies the exemptions to stamp duty on transfers granted by New South Wales. The Commission will find it necessary to ensure the exemptions granted by the respective States and territories are relatively uniform but, where differences exist, determine if the differences are immaterial or calculate an adjustment.